

SENATE BILL REPORT

SB 6036

As Passed Senate, February 8, 2002

Title: An act relating to local motor vehicle excise taxes.

Brief Description: Repealing local motor vehicle taxes.

Sponsors: Senators Eide, Benton, Winsley, Oke, Long, Stevens, Johnson, Finkbeiner, Hale, Hochstatter, Carlson, Swecker, Rossi, Roach, T. Sheldon, Patterson and Kastama.

Brief History:

Committee Activity: Transportation: 3/5/01, 4/2/01 [DP, DNP].

Passed Senate: 4/6/01, 32-15; 2/8/02, 33-15.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Benton, Eide, Finkbeiner, Horn, Johnson, Kastama, McDonald, Oke, T. Sheldon and Swecker.

Minority Report: Do not pass.

Signed by Senators Jacobsen, McAuliffe, Prentice and Shin.

Staff: Michael Groesch (786-7434)

Background: Initiative 695 passed in November 1999 repealing the Motor Vehicle Excise Tax (MVET). RCW 35.58.273 (local excise tax for transit) was not among the 44 sections that I-695 expressly repealed.

In late 1999, the state Attorney General's Office concluded that I-695 impliedly repealed RCW 35.58.273 because of the close relationship between the collection of state MVET and the local excise tax (the local tax was applied as a credit against the MVET collected). Accordingly, as of January 1, 2000, state and local agencies did not collect the tax.

During the 2000 legislative session, SB 6865 passed the Legislature. SB 6865 repealed the MVET and imposed a \$30 license tab fee. It also repealed eight sections of the law; RCW 35.58.273 was not included among those sections.

On May 17, 2000, *ATU Legislative Council of Washington State and Washington State Transit Association v. State of Washington and 26 Counties and Their Auditors* was filed in Thurston County Superior Court. The lawsuit asked the court to declare that RCW 35.58.273 was not impliedly repealed by SB 6865.

In October 2000, the Washington State Supreme Court affirmed the King County Superior Court decision invalidating I-695.

On February 2, 2001, a Thurston County Superior Court judge ruled that SB 6865 did not impliedly repeal RCW 35.58.273. The court further ruled that the Department of Licensing, not the county auditors or the transit districts, has the primary obligation to collect the tax. The judge stayed the implementation of his decision pending the outcome of any appeal.

Summary of Bill: RCW 35.58.273 and all other statutes regarding the expenditure of money generated by that statute are repealed. The effect of the bill is made retroactive to January 1, 2000.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: None.

Testimony Against: Pursuant to Initiative 695, transit funds were cut by an average of 42 percent. If the Legislature expects transit to assist with congestion relief, then it should assist transit. Without the funds this tax would provide, some transit systems will be forced to cut their services substantially.

Testified: Dan Snow, Washington Transit Association (con).